

Statutory Document No. 2017/0373



*Income Tax Act 1970*

## **INCOME TAX (BENEFITS IN KIND) (EXEMPTIONS) (AMENDMENT) ORDER 2018**

*Approved by Tynwald: 20<sup>th</sup> February 2018*

*Coming into Operation: 6<sup>th</sup> April 2018*

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The Treasury makes the following Order under section 2G(4) of the Income Tax Act 1970.

### **1 Title**

This Order is the Income Tax (Benefits in Kind) (Exemptions) (Amendment) Order 2018.

### **2 Commencement**

If approved by Tynwald<sup>1</sup>, this Order comes into operation on 6 April 2018 and shall have effect in respect of the income tax year commencing 6 April 2018 and all subsequent years.

### **3 Amendment of the Income Tax (Benefits in Kind) (Exemptions) Order 2007**

- (1) The Income Tax (Benefits in Kind) (Exemptions) Order 2007<sup>2</sup> is amended as follows.
- (2) In article 3(1)(n) (benefits in kind: exemptions), for “£400”, substitute **£600**.

### **4 Amendment of the Income Tax (Benefits in Kind) (Exemptions) Order 2017**

- (1) The Income Tax (Benefits in Kind) (Exemptions) Order 2017<sup>3</sup> is amended as follows.
- (2) In article 3 (interpretation) –

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<sup>1</sup> Tynwald approval is required by section 2G(5) of the Income Tax Act 1970

<sup>2</sup> SD 471/07

<sup>3</sup> SD 2017/0022

- (a) for the definition of “bicycle” substitute –
- “bicycle” means –**
- (a) a bicycle that can only be propelled by pedals; and
  - (b) an electrically assisted pedal bicycle that –
    - (i) is fitted with pedals that can be used to propel it;
    - (ii) in addition to pedals, may also use an integrated electric motor to help with propulsion provided that the motor cannot propel it when it is travelling at more than 15.5 miles per hour; and
    - (iii) is not a vehicle in respect of which a vehicle duty shall be charged under section 1 of the Licensing and Registration of Vehicles Act 1985;
- (b) after the definition of “bicycle safety equipment”, insert –
- “the 2007 Order” means the Income Tax (Benefits in Kind) (Exemptions) Order 2007.**
- (3) In article 4 (benefits in kind: exemptions) –
- (a) in paragraph (1), for “(wholly and directly at the expense of the employee’s employer)” substitute **“**, by the employee’s employer**”**;
  - (b) for paragraph (2)(c) substitute –

**(c) subject to paragraph (2A), the maximum value of the benefit to which section 2G of the Income Tax Act 1970 will not apply shall not exceed £1,000 per employee within a relevant period, regardless of the total cost of the bicycle and any bicycle safety equipment purchased.**
  - (c) after paragraph (2), insert –

**(2A) Where –**

    - (a) the total cost of an electrically assisted pedal bicycle exceeds the maximum value in (2)(c); and
    - (b) in the year in which the bicycle is purchased, the aggregate value of other benefits provided to the employee by his or her employer under article 3(1)(n) of the 2007 Order is below the maximum permitted under that article,

then the maximum value specified in paragraph (2)(c) of the benefit to which section 2G of the Income Tax Act 1970 will not apply, can be increased by Amount A.

**(2B) In paragraph (2A), “Amount A” is the difference between the aggregate value of other benefits provided to the employee by his or her employer under article 3(1)(n) of**

the 2007 Order and the maximum permitted under that article. **22**.

**MADE 25<sup>TH</sup> JANUARY 2018**

**A L CANNAN**  
*Minister for the Treasury*

***EXPLANATORY NOTE***

*(This note is not part of the Order)*

This Order amends the Income Tax (Benefits in Kind) (Exemptions) Order 2007 by increasing the aggregate total of all general benefits in kind that can be provided to an employee by an employer under article 3(1)(n) of that Order, and which will not be chargeable to income tax, from £400 per year to £600 per year.

The Order also amends the Income Tax (Benefits in Kind) (Exemptions) Order 2017 to enable certain types of electrically assisted pedal cycles to also be exempt from income tax when provided by an employer to an employee in certain circumstances. It also removes any limit to the purchase cost of a bicycle and any bicycle safety equipment while maintaining the maximum value of the benefit at £1,000 per employee every 3 consecutive tax years. In addition, if the cost of an electric bicycle exceeds the £1,000 maximum and, in the year in which the bicycle is purchased, the aggregate total of all general benefits in kind is less than the £600 maximum, then the £1,000 maximum can be increased by an amount equal to the “unused” amount of the general benefits in kind.